

ANTIMONY TOWN
FINANCIAL STATEMENTS
JUNE 30, 2005

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

ACCOUNTANT'S REPORT

Honorable Mayor and Town Council
Antimony Town
Antimony, Utah 84712

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Antimony Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 37 through 39, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

March 22, 2006
Richfield, Utah

**ANTIMONY TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

This discussion of Antimony Town's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The Town's purpose is to provide general services to its residents which includes general government, public safety, public health, parks and roads.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,037,498 (net assets). Of this amount, \$207,186 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$54,053. The revenues were more than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental funds reported ending fund balances of \$155,348, a increase of \$56,470 in comparison with the prior year. At year end, the general fund had a unreserved fund balance of \$89,926.
- * The Town's total debt decreased by \$8,673 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, public health, parks and roads, culture and recreation. The business-type activity of the Town is culinary water operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Antimony Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Antimony Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Antimony Town's, assets exceeded liabilities by \$1,037,498 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (73 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets, 7 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$207,186, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Antimony Town's Net Assets

	Governmental Activities 2005	Business-Type Activities 2005	Total 2005
Current and Other Assets	155,348	120,460	275,808
Capital Assets	595,866		595,866
Total Assets	751,214	120,460	871,674
Long-Term Liabilities	-	179,810	179,810
Other Liabilities	-	11,956	11,956
Total Liabilities	-	191,766	191,766
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	595,866	165,824	761,690
Restricted	65,422	3,200	68,622
Unrestricted	89,926	117,260	207,186
Total Net Assets	751,214	286,284	1,037,498

Governmental Activities

Governmental activities increased Antimony Town's net assets by \$31,444.

Holden Town Changes in Net Assets

	Governmental Activities 2005	Business-Type Activities 2005	Total 2005
Revenues:			
Program Revenues:			
Charges for Services	21,946	48,604	70,550
Operating Grants	55,609	-	55,609
Capital Grants	-	-	-
General Revenues:			
Property Taxes	3,426	-	3,426
Other Taxes	33,685	-	33,685
Unrestricted Investment Earnings	2,626	2,563	5,189
Total Revenues	117,292	51,167	168,459
Expenses:			
General Government	20,497	-	20,497
Public Safety	3,944	-	3,944
Public Health	4,134	-	-
Highways & Streets	33,302	-	33,302
Parks and Recreation	23,971	-	23,971
Interest on Long-Term Debt	-	7,486	7,486
Water	-	21,072	21,072
Total Expenses	85,848	28,558	110,272
Increase in Net Assets Before Transfers	31,444	22,609	58,187
Transfers	-	-	-
Increase in Net Assets	31,444	22,609	54,053
Net Assets - Beginning	719,770	263,675	983,445
Net Assets - Ending	751,214	286,284	1,037,498

* The Town received operating grants of \$55,609. Of this amount, \$35,555 was received for Class C roads and \$17,681 for the new community center.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities increased the Town's net assets by \$22,609.

- * For the most part, increases in expenses closely paralleled inflation and growth in the demand for services for water.
- * The depreciation in the enterprise fund of \$16,000 was the same as the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balance of \$155,348, an increase of \$56,470 in comparison with the prior year. At the end of this fiscal year the general fund had an unreserved fund balance of \$89,926. The remainder of fund is reserved to indicate that it is not available for new spending because it has already been committed to highways and streets for \$65,422.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$117,260. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget.

Actual revenues were more than budgeted revenues by \$46,687 and actual expenditures were less than budgeted expenditures by \$9,783 resulting in a net increase in fund balance of \$56,470.

Capital Asset and Debt Administration

Capital Assets

Antimony Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$302,405 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and streets.

Capital Assets - Continued.

The total increase in the Town's investment in capital assets for the current year was \$35,390. Major capital asset events during the current year included the following:

- * Construction in progress on the culinary water system of \$35,390.

Antimony Town's Capital Assets (net of depreciation)

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Total <u>2005</u>
Land	17,400	-	17,400
Infrastructure	101,250	-	101,250
Buildings	470,016	-	470,016
Improvements Other than Buildings	-	319,000	319,000
Equipment	7,200	-	7,200
Construction in Progress	-	35,390	35,390
Total	<u>595,866</u>	<u>354,390</u>	<u>950,256</u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$188,566. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Antimony Town's Long-Term Debt

	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Total <u>2005</u>
Revenue Bonds	-	188,566	188,566

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

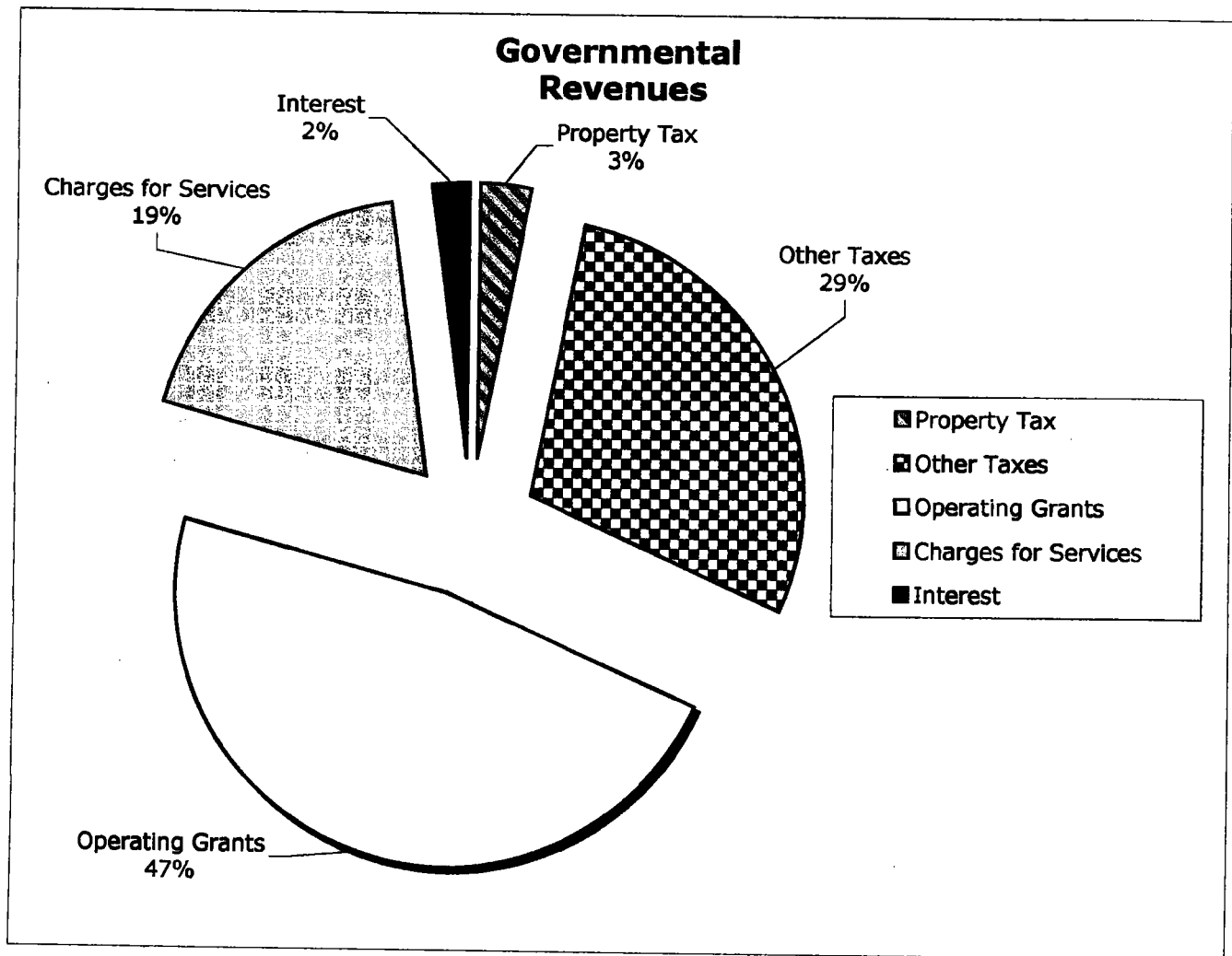
Additional information on Antimony Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Antimony Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Antimony Town Clerk, P.O. Box 46, Antimony, Utah, 84712.

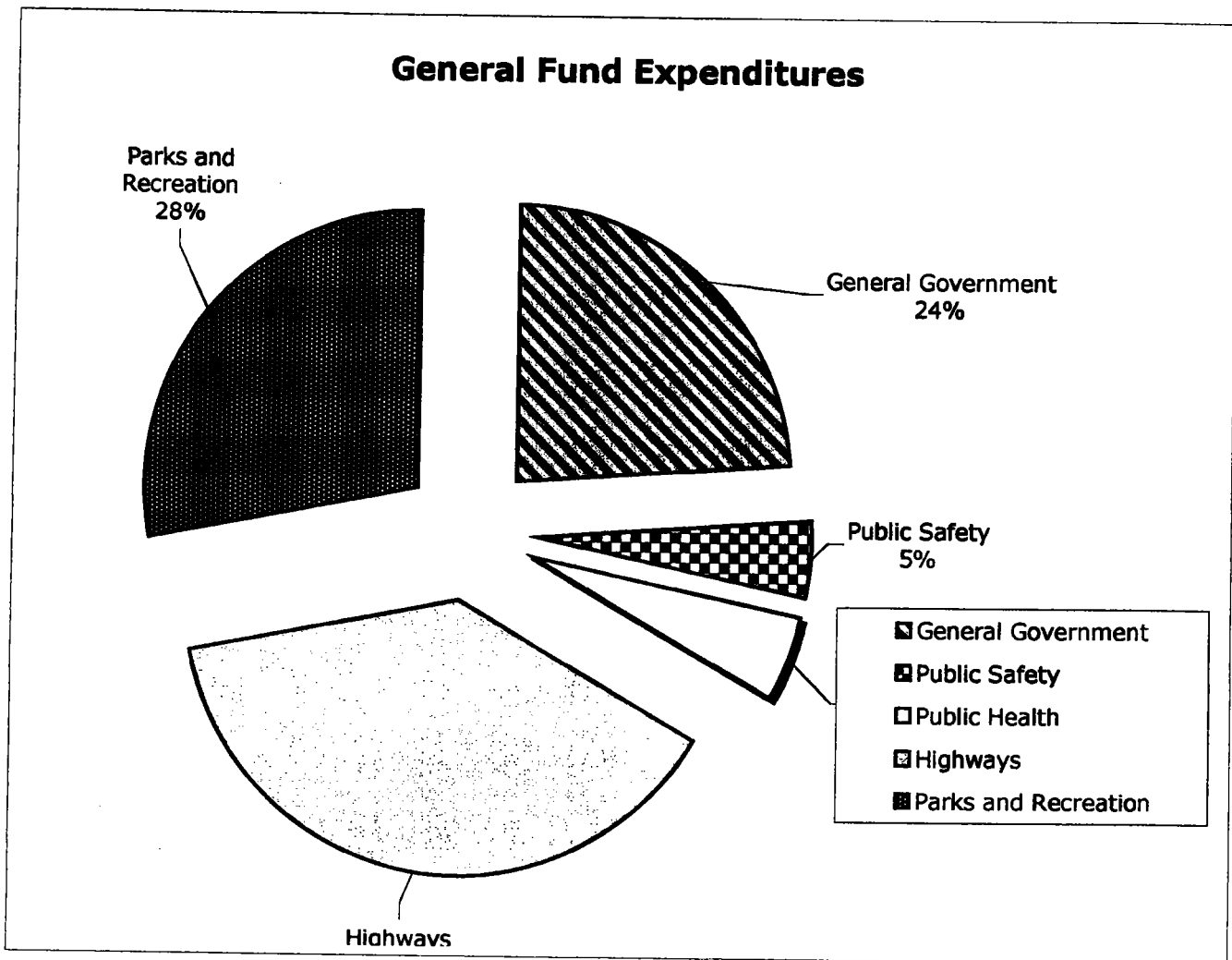
**Antimony Town
Governmental Revenues
For The Fiscal Year Ended June 30, 2005**

Property Tax	3,426
Other Taxes	33,685
Operating Grants	55,609
Charges for Services	21,946
Interest	<u>2,626</u>
Total	<u>117,292</u>



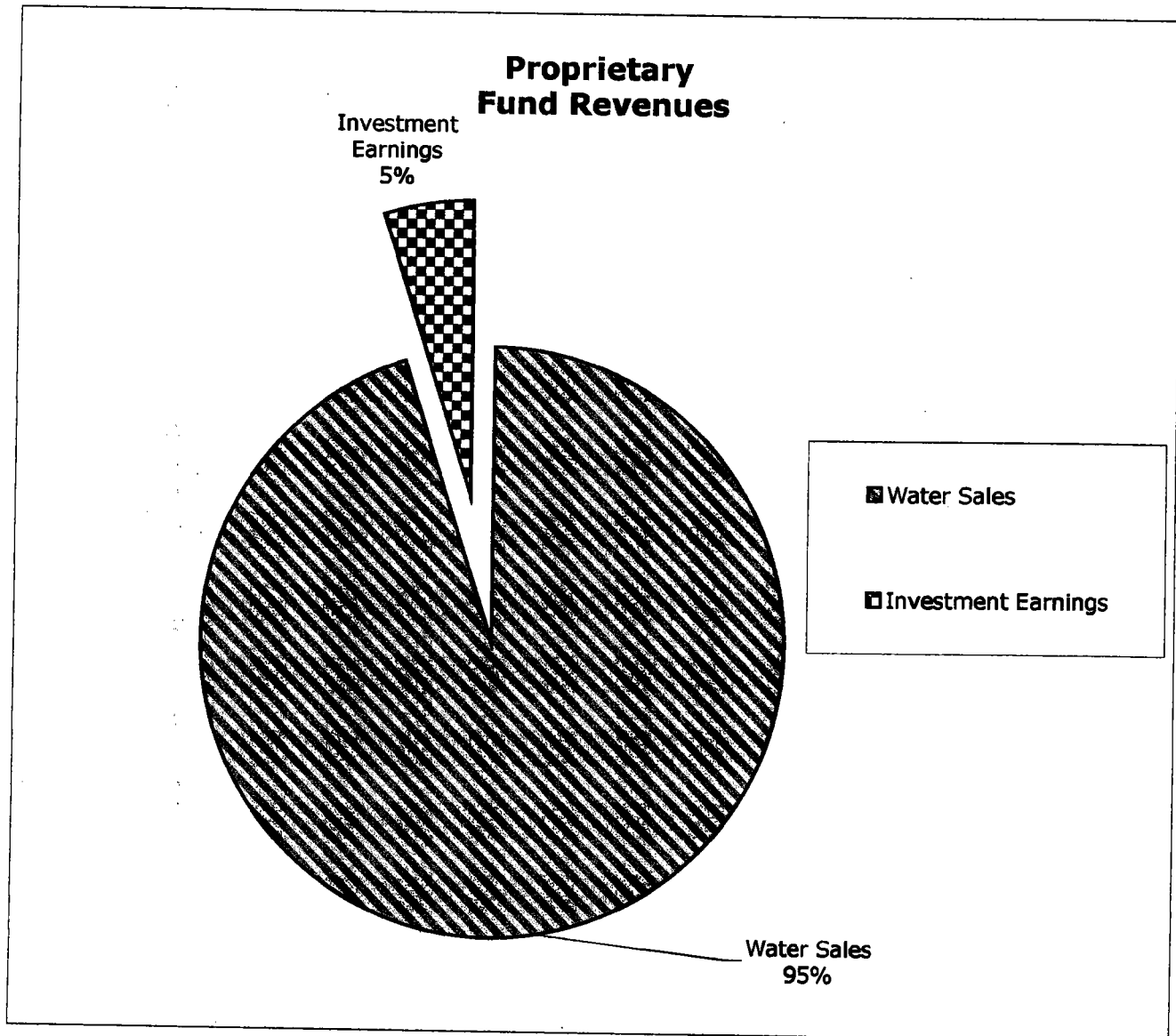
**Antimony Town
Governmental Expenditures
For The Fiscal Year Ended June 30, 2005**

General Government	20,497
Public Safety	3,944
Public Health	4,134
Highways	33,302
Parks and Recreation	<u>23,971</u>
Total	<u><u>85,848</u></u>



**Antimony Town
Proprietary Fund Revenues
For The Fiscal Year Ended June 30, 2005**

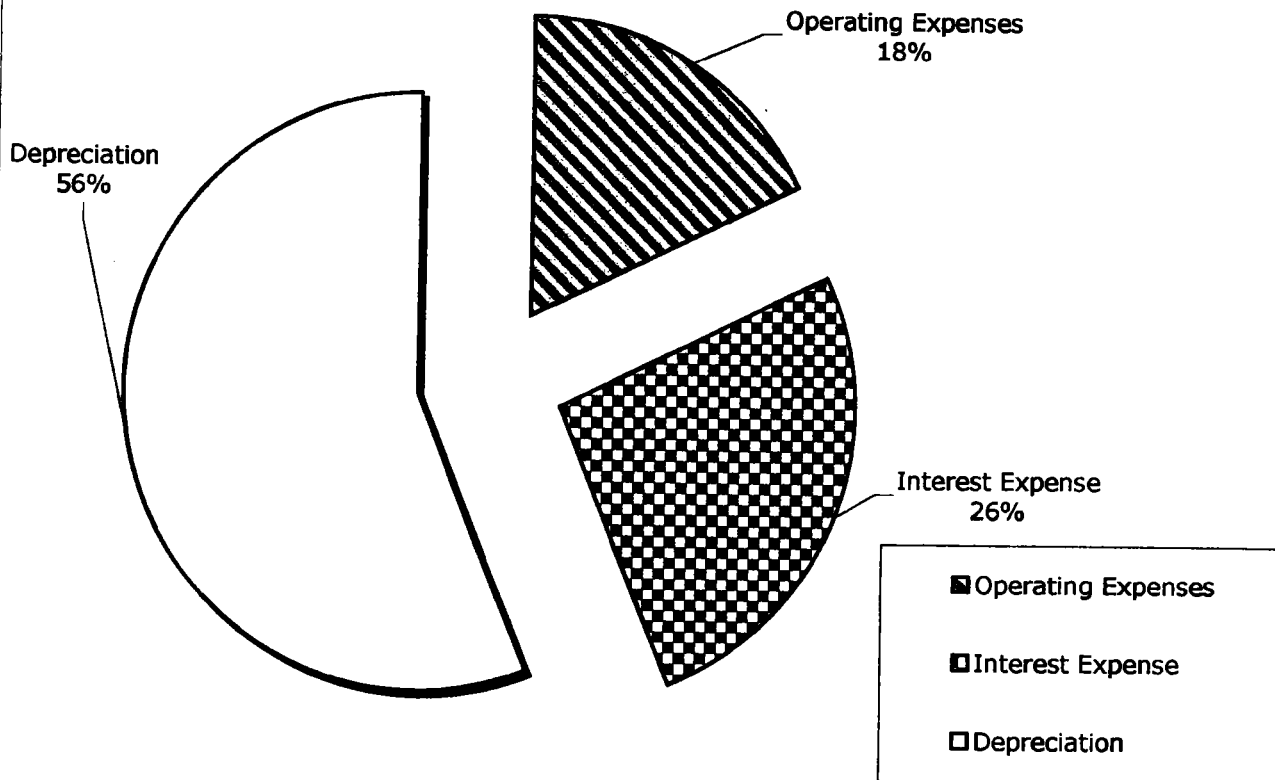
Water Sales	48,604
Investment Earnings	<u>2,563</u>
Total	<u><u>51,167</u></u>



**Antimony Town
Proprietary Fund Expenditures
For The Fiscal Year Ended June 30, 2005**

Operating Expenses	5,072
Interest Expense	7,486
Depreciation	<u>16,000</u>
Total	<u><u>28,558</u></u>

**Proprietary
Fund Expenditures**



(This page contains no information and
is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**ANTIMONY TOWN
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	152,759	115,578	268,337
Accounts Receivable (Net)	-	4,882	4,882
Due From Other Government Units	2,589	-	2,589
Total Current Assets	155,348	120,460	275,808
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	3,200	3,200
Capital Assets (Net of Accumulated Depreciation):			
Land	17,400	-	17,400
Buildings	470,016	-	470,016
Equipment	7,200	-	7,200
Water System	-	319,000	319,000
Construction in Progress	-	35,390	35,390
Infrastructure	101,250	-	101,250
Total Noncurrent Assets	595,866	357,590	953,456
TOTAL ASSETS	751,214	478,050	1,229,264
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	-	3,200	3,200
Bonds Payable - Due Within One Year	-	8,756	8,756
Total Current Liabilities	-	11,956	11,956
Noncurrent Liabilities:			
Bonds Payable - Due More Than One Year	-	179,810	179,810
TOTAL LIABILITIES	-	191,766	191,766
NET ASSETS			
Investment in Capital Assets, Net of Debt	595,866	165,824	761,690
Restricted For:			
Bond Retirement	-	3,200	3,200
Class C Roads	65,422	-	65,422
Unrestricted	89,926	117,260	207,186
TOTAL NET ASSETS	751,214	286,284	1,037,498
TOTAL LIABILITIES AND NET ASSETS	751,214	478,050	1,229,264

See accompanying notes and accountant's report.

**ANTIMONY TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants/Contributions/Capital Grants/Contributions		Business-Type Activities	Total
Governmental Activities:						
General Government	20,497	21,946	-	1,449	-	1,449
Public Safety	3,944	-	2,373	(1,571)	-	(1,571)
Public Health	4,134	-	-	(4,134)	-	(4,134)
Highways and Public Improvements	33,302	-	35,555	2,253	-	2,253
Park and Recreation	23,971	-	17,681	(6,290)	-	(6,290)
Interest on Long-Term Debt	-	-	-	-	(7,486)	(7,486)
Total Governmental Activities	85,848	21,946	55,609	(8,293)	(7,486)	(15,779)
Business-Type Activities:						
Water Fund	21,072	48,604	-	-	27,532	27,532
Total Primary Government	106,920	70,550	55,609	(8,293)	20,046	11,753
General Revenues:						
Property Taxes				3,426	-	3,426
Fee-In-Lieu of Property Taxes				2,171	-	2,171
Sales Taxes				31,514	-	31,514
Unrestricted Investment Earnings				2,626	2,563	5,189
Total General Revenues and Transfers				39,737	2,563	42,300
Change in Net Assets				31,444	22,609	54,053
Net Assets - Beginning				719,770	263,675	983,445
Net Assets - Ending				751,214	286,284	1,037,498

See accompanying notes and accountant's report.

**ANTIMONY TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	152,759
Accounts Receivable (Net)	0
Due From Other Government Units	<u>2,589</u>
TOTAL ASSETS	<u><u>155,348</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Class C Roads	65,422
Unreserved, Reported In:	
General Fund	<u>89,926</u>
Total Fund Balance	<u><u>155,348</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>155,348</u></u>

See accompanying notes and accountant's report.

ANTIMONY TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	155,348
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	17,400	
Equipment	470,016	
Infrastructure	7,200	
Infrastructure	<u>101,250</u>	
 Total		 <u>595,866</u>

Net Assets of Government Activities	<u><u>751,214</u></u>
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ANTIMONY TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Revenues:	
Taxes	37,111
Intergovernmental Revenue	55,609
Interest	2,626
Miscellaneous Revenues	<u>21,946</u>
Total Revenues	<u>117,292</u>
Expenditures:	
Current:	
General Government	9,535
Public Safety	1,306
Public Health	4,134
Highways and Public Improvements	22,052
Parks and Recreation	<u>23,795</u>
Total Expenditures	<u>60,822</u>
Net Change In Fund Balance	56,470
Fund Balance - Beginning	<u>98,878</u>
Fund Balance - Ending	<u><u>155,348</u></u>

See accompanying notes and accountant's report.

ANTIMONY TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	56,470
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Depreciation	<u>(25,026)</u>
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Changes In Net Assets of Governmental Activities	<u><u>31,444</u></u>
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**ANTIMONY TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2005

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	115,578
Accounts Receivable	<u>4,882</u>
Total Current Assets	<u>120,460</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	3,200
Capital Assets: (Net of Accumulated Depreciation)	
Water System	319,000
Construction In Progress	<u>35,390</u>
Total Noncurrent Assets	<u>357,590</u>
TOTAL ASSETS	<u><u>478,050</u></u>
LIABILITIES:	
Current Liabilities:	
Bond Interest Payable	3,200
Bonds Payable - Due Within One Year	<u>8,756</u>
Total Current Liabilities	<u>11,956</u>
Noncurrent Liabilities:	
Bonds Payable - Due In More Than One Year	<u>179,810</u>
TOTAL LIABILITIES	<u>191,766</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	165,824
Restricted for:	
Bond Retirement	3,200
Unrestricted	<u>117,260</u>
TOTAL NET ASSETS	<u>286,284</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>478,050</u></u>

See accompanying notes and accountant's report.

ANTIMONY TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	48,604
	<u>48,604</u>
Total Operating Revenues	<u>48,604</u>
Operating Expenses:	
Costs of Sales and Services	5,072
Depreciation	16,000
	<u>21,072</u>
Total Operating Expenses	<u>21,072</u>
	<u>27,532</u>
Operating Income	
Nonoperating Revenues (Expenses):	
Investment Earnings	2,563
Interest Expense	(7,486)
	<u>(4,923)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,923)</u>
	22,609
Change in Net Assets	
Total Net Assets - Beginning	<u>263,675</u>
Total Net Assets - Ending	<u><u>286,284</u></u>

See accompanying notes and accountant's report.

**ANTIMONY TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	43,722
Payments to Employees	(1,350)
Payments to Suppliers	<u>(3,722)</u>
Net Cash Provided by Operating Activities	<u>38,650</u>
Cash Flows From Capital and Related Financing Activities:	
Principal Paid on Capital Debt	(8,673)
Interest Paid on Capital Debt	(4,285)
Construction In Progress	<u>(35,390)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(48,348)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>2,563</u>
Net Cash Provided (Used) by Investing Activities	<u>2,563</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,135)
Cash and Cash Equivalents - Beginning	<u>125,913</u>
Cash and Cash Equivalents - Ending	<u><u>118,778</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>27,532</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) By Operating Activities:	
Depreciation	16,000
Increase (Decrease) in Operating Assets:	
Accounts Receivable	<u>(4,882)</u>
Total Adjustments	<u>11,118</u>
Net Cash Provided (Used) by Operating Activities	<u><u>38,650</u></u>

See accompanying notes and accountant's report.

**ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Antimony Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

Antimony Town is a municipal corporation in Garfield County, Utah. It is governed by an elected mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Antimony Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Antimony Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Water Fund accounts for the activities of the Town's water operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Equipment	10 - 20 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes are assessed and collected for the Town by Garfield County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

The maximum unreserved fund balance in the General Fund may not exceed 75% of the total estimated revenue of the General Fund. Any unreserved General Fund balance greater than 75% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the Town Board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 2 - DEPOSITS AND INVESTMENTS

Antimony Town maintains a cash investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents".

Deposits:

At year end, the carrying amount of the Town's deposits were \$65,524 and the bank balances were \$65,524. All of the bank balances were covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the Money Management Council.

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits	65,524
Investments - PTIF	<u>206,013</u>
Total Cash and Investments	<u><u>271,537</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	152,759
Business-Type Activities - Unrestricted	115,578
Business-Type Activities - Restricted	<u>3,200</u>
Total Cash and Cash Equivalents	<u><u>271,537</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposit and Investment Risk:

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

The 1988 water revenue bonds require a reserve for repairs and maintenance to be maintained. The balance of the reserve for repairs and maintenance at June 30, 2005, is \$2,000.

The 2003 water revenue bonds require a reserve of \$12,000 to be established over a period of 72 months beginning on May 1, 2004. The balance of this reserve at June 30, 2005, is \$1,200.

The bond reserves at June 30, 2005, are \$3,200.

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>17,400</u>	<u>-</u>	<u>-</u>	<u>17,400</u>
Total Capital Assets Not Being Depreciated	<u>17,400</u>	<u>-</u>	<u>-</u>	<u>17,400</u>
Capital Assets Being Depreciated:				
Buildings	511,000	-	-	511,000
Machinery and Equipment	20,000	-	-	20,000
Infrastructure	<u>238,200</u>	<u>-</u>	<u>-</u>	<u>238,200</u>
Total Capital Assets Being Depreciated	<u>769,200</u>	<u>-</u>	<u>-</u>	<u>769,200</u>
Less Accumulated Depreciation For:				
Buildings	28,208	12,776	-	40,984
Machinery and Equipment	11,800	1,000	-	12,800
Infrastructure	<u>125,700</u>	<u>11,250</u>	<u>-</u>	<u>136,950</u>
Total Accumulated Depreciation	<u>165,708</u>	<u>25,026</u>	<u>-</u>	<u>190,734</u>
Total Capital Assets Being Depreciated (Net)	<u>603,492</u>	<u>(25,026)</u>	<u>-</u>	<u>578,466</u>
Governmental Activities Capital Assets, Net	<u>620,892</u>	<u>(25,026)</u>	<u>-</u>	<u>595,866</u>

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - CAPITAL ASSETS CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Water System	820,000	-	-	820,000
Construction In Progress	35,390	-	-	35,390
 Total Capital Assets Being Depreciated	 855,390	 -	 -	 855,390
 Less Accumulated Depreciation For:				
Water System	485,000	16,000	-	501,000
 Total Accumulated Depreciation	 485,000	 16,000	 -	 501,000
 Total Capital Assets Being Depreciated (Net)	 370,390	 (16,000)	 -	 354,390
 Business Type Activities Capital Assets, Net	 370,390	 (16,000)	 -	 354,390
 Total Capital Assets	 991,282	 (41,026)	 -	 950,256

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	10,963	-	10,963
Public Safety	2,638	-	2,638
Public Health	-	16,000	16,000
Highways and Streets	11,250	-	11,250
Parks and Recreation	175	-	175
 Total Depreciation Expense	 25,026	 16,000	 41,026

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - BONDS PAYABLE

1988 Water Revenue Bonds Payable:

On February 4, 1988, the Town issued Water Revenue Bonds in the amount of \$26,600 to the Community Impact Board for the purpose of helping to finance the cost of acquiring, constructing, improving and extending the culinary water system. The bond calls for yearly payments by the Town of \$2,134.45 including interest at 5% over 20 years. The balance at June 30, 2005, was \$7,566.

The following is an amortization of the 1988 Water Revenue Bonds to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 - 2006	1,756	378	2,134
2006 - 2007	1,844	290	2,134
2007 - 2008	1,936	198	2,134
2008 - 2009	<u>2,030</u>	<u>104</u>	<u>2,134</u>
Total	<u><u>7,566</u></u>	<u><u>970</u></u>	<u><u>8,536</u></u>

Water Revenue Bond, Series 2003:

On September 10, 2003, the Mayor and Town Board of Antimony Town authorized the issuance of Water Revenue Bonds, Series 2003 in the amount of \$188,000. These bonds will be used for the purpose of providing funds to finance all or part of the cost of acquiring, constructing, improving and extending the culinary water system. The bonds were issued with a 20 year payback with 3.17% interest and annual payments. The balance at June 30, 2005, was \$181,000.

The following is an amortization of Parity Water Revenue Bonds, Series 2003, to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 - 2006	7,000	5,738	12,738
2006 - 2007	7,000	5,516	12,516
2007 - 2008	8,000	5,294	13,294
2008 - 2009	8,000	5,040	13,040
2009 - 2010	8,000	4,787	12,787
2011 - 2015	44,000	19,939	63,939
2016 - 2020	52,000	12,490	64,490
2021 - 2025	<u>47,000</u>	<u>3,772</u>	<u>50,772</u>
Total	<u><u>181,000</u></u>	<u><u>62,576</u></u>	<u><u>243,576</u></u>

ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - BONDS PAYABLE (CONTINUED)

The following is an amortization of total revenue bonds to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 - 2006	8,756	6,116	14,872
2006 - 2007	8,844	5,806	14,650
2007 - 2008	9,936	5,492	15,428
2008 - 2009	10,030	5,144	15,174
2009 - 2010	8,000	4,787	12,787
2011 - 2015	44,000	19,939	63,939
2016 - 2020	52,000	12,490	64,490
2021 - 2025	47,000	3,772	50,772
	<u>188,566</u>	<u>63,546</u>	<u>252,112</u>
Total	<u>188,566</u>	<u>63,546</u>	<u>252,112</u>

The following is a schedule of changes in bonds payable:

	<u>Outstanding June 30, 2004</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding June 30, 2005</u>
1981 Water Revenue Bond	9,239	-	1,673	7,566
2003 Parity Water Revenue Bond	188,000	-	7,000	181,000
	<u>197,239</u>	<u>-</u>	<u>8,673</u>	<u>188,566</u>

NOTE 6 - RESERVED FUND BALANCE - CLASS C ROAD

The Town receives Class C Road money from the State for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements.

The following is schedule of receipts and disbursements in the Class "C" Road:

Balance - Beginning of Year	49,970
Receipts:	
State Allotments	35,555
Interest	<u>1,950</u>
Total Receipts	37,505
Disbursements	<u>(22,053)</u>
Balance - End of Year	<u>65,422</u>

**ANTIMONY TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 7 - UTAH STATE RETIREMENT PLANS

Antimony Town does not participate in the Utah State Retirement Plan nor does it participate in any other retirement plan.

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The Town is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**ANTIMONY TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1, 2004	<u>80,839</u>	<u>80,839</u>	<u>80,839</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	4,200	4,200	3,426	(774)
General Sales and Use Taxes	12,100	12,100	31,514	19,414
Fee-In-Lieu	<u>1,650</u>	<u>1,650</u>	<u>2,171</u>	<u>521</u>
Total Taxes	<u>17,950</u>	<u>17,950</u>	<u>37,111</u>	<u>19,161</u>
Licenses and Permits	<u>25</u>	<u>25</u>	<u>-</u>	<u>(25)</u>
Intergovernmental Revenue:				
Class C Road	16,600	16,600	35,555	18,955
State Grants	1,780	1,780	19,443	17,663
State Liquor Allotment	<u>250</u>	<u>250</u>	<u>611</u>	<u>361</u>
Total Intergovernmental Revenue	<u>18,630</u>	<u>18,630</u>	<u>55,609</u>	<u>36,979</u>
Miscellaneous:				
Interest	1,500	1,500	2,626	1,126
Rental of Community Center	2,500	2,500	-	(2,500)
Other	-	-	21,946	21,946
Use of Fund Balance	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Total Miscellaneous Revenue	<u>34,000</u>	<u>34,000</u>	<u>24,572</u>	<u>(9,428)</u>
Amounts Available for Appropriation	<u>151,444</u>	<u>151,444</u>	<u>198,131</u>	<u>46,687</u>

Continued

**ANTIMONY TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Administration	10,900	10,900	8,184	2,716
Salaries and Wages	-	-	1,350	(1,350)
Total General Government	<u>10,900</u>	<u>10,900</u>	<u>9,534</u>	<u>1,366</u>
Public Safety:				
Law Enforcement	<u>1,500</u>	<u>1,500</u>	<u>1,306</u>	<u>194</u>
Highway and Public Improvements:				
Repairs and Maintenance	<u>25,600</u>	<u>25,600</u>	<u>22,052</u>	<u>3,548</u>
Parks and Recreation:				
Cemetery	1,000	1,000	-	1,000
Parks and Recreation	<u>24,100</u>	<u>24,100</u>	<u>23,796</u>	<u>304</u>
Total Culture and Recreation	<u>25,100</u>	<u>25,100</u>	<u>23,796</u>	<u>1,304</u>
Other:				
Landfill	4,200	4,200	4,134	66
Miscellaneous	<u>3,305</u>	<u>3,305</u>	<u>-</u>	<u>3,305</u>
Total Other	<u>7,505</u>	<u>7,505</u>	<u>4,134</u>	<u>3,371</u>
Total Charges to Appropriations	<u>70,605</u>	<u>70,605</u>	<u>60,822</u>	<u>9,783</u>
Budgetary Fund Balance - June 30, 2005	<u><u>80,839</u></u>	<u><u>80,839</u></u>	<u><u>137,309</u></u>	<u><u>56,470</u></u>

**ANTIMONY TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	198,131
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(80,839)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>117,292</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	60,822
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>60,822</u></u>